

ABERDEEN JAPAN EQUITY FUND, INC.
Form N-Q
September 25, 2014

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM N-Q

**QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS
OF REGISTERED MANAGEMENT INVESTMENT COMPANY**

Investment Company Act file number:	811-06142
Exact name of registrant as specified in charter:	Aberdeen Japan Equity Fund, Inc.
Address of principal executive offices:	1735 Market Street, 32nd Floor Philadelphia, PA 19103
Name and address of agent for service:	Ms. Andrea Melia Aberdeen Asset Management Inc. 1735 Market Street, 32nd Floor Philadelphia, PA 19103
Registrant's telephone number, including area code:	866-839-5205
Date of fiscal year end:	October 31
Date of reporting period:	July 31, 2014

Item 1. Schedule of Investments - The schedule of investments for the three-month period ended July 31, 2014 is filed herewith.

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Portfolio of Investments (unaudited)

As of July 31, 2014

Shares	Description	Value (US\$)
LONG-TERM INVESTMENTS 99.2%(a)		
COMMON STOCKS 99.2%		
CONSUMER DISCRETIONARY 16.6%		
26,500	Aisin Seiki Co. Ltd.	\$ 1,029,204
95,000	Asics Corp.	2,016,136
35,200	Denso Corp.	1,623,620
81,000	FCC Co. Ltd.	1,452,752
92,200	Honda Motor Co. Ltd.	3,209,580
89,000	Resorttrust, Inc.	1,838,149
14,900	Shimano, Inc.	1,739,437
70,800	Toyota Motor Corp.	4,180,033
97,500	USS Co. Ltd.	1,703,279
		18,792,190
CONSUMER STAPLES 19.7%		
67,000	Calbee, Inc.	1,989,711
127,700	Japan Tobacco, Inc.	4,490,892
73,100	Mandom Corp.	2,675,574
56,000	Pigeon Corp.	3,216,925
59,000	San-A Co. Ltd.	1,914,529
109,000	Seven & I Holdings Co. Ltd.	4,536,097
57,000	Unicharm Corp.	3,490,265
		22,313,993
FINANCIALS 11.1%		
56,000	AEON Financial Service Co. Ltd.	1,276,257
481,000	Bank of Yokohama Ltd. (The)	2,736,953
176,000	Daibiru Corp.	1,942,124
26,600	Daito Trust Construction Co. Ltd.	3,205,991
90,000	Mitsubishi Estate Co. Ltd.	2,200,777
59,000	Suruga Bank Ltd.	1,150,420
		12,512,522
HEALTH CARE 10.2%		
52,600	Asahi Intecc Co. Ltd.	2,181,503
251,500	Astellas Pharma, Inc.	3,410,491
125,200	Chugai Pharmaceutical Co. Ltd.	4,167,019
45,300	Systemex Corp.	1,758,568
		11,517,581
INDUSTRIALS 18.0%		
348,000	Amada Co. Ltd.	3,380,144
34,300	Daikin Industries Ltd.	2,355,688
47,300	East Japan Railway Co.	3,789,063
27,000	FANUC Corp.	4,666,417
33,600	Makita Corp.	1,987,340
187,000	Nabtesco Corp.	4,224,913
		20,403,565
INFORMATION TECHNOLOGY 10.6%		
148,700	Canon, Inc.	4,864,757
11,400	Keyence Corp.	4,966,350
485,000	Yahoo Japan Corp.	2,194,498

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			12,025,605
MATERIALS	10.5%		
183,000		Kansai Paint Co. Ltd.	3,066,652
120,000		Nippon Paint Co. Ltd.	2,764,997

See Notes to Portfolio of Investments.

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Portfolio of Investments (unaudited) (concluded)

As of July 31, 2014

95,400	Shin-Etsu Chemical Co. Ltd.	\$	6,051,046
TELECOMMUNICATION SERVICES 2.5%			11,882,695
49,400	KDDI Corp.		2,839,654
Total Long-Term Investments 99.2% (cost \$103,046,621)			112,287,805
Par Amount	Description		Value (US\$)
SHORT-TERM INVESTMENT 0.3%			
\$ 390,000	Repurchase Agreement, Fixed Income Clearing Corp., 0.00% dated 07/31/2014, due 08/01/2014 repurchase price \$390,000, collateralized by U.S. Treasury Bond, maturing 02/15/2041; total market value of \$401,450		390,000
Total Short-Term Investment 0.3% (cost \$390,000)			390,000
Total Investments 99.5% (cost \$103,436,621) (b)			112,677,805
Other Assets in Excess of Liabilities 0.5%			538,086
Net Assets 100.0%			\$ 113,215,891

- (a) Unless otherwise noted, all securities are fair valued. Fair Values are determined pursuant to procedures approved by the Fund's Board of Directors. See Note (a) of the accompanying Notes to Portfolio of Investments.
- (b) See Notes to Portfolio of Investments for tax unrealized appreciation/depreciation of securities.

See Notes to Portfolio of Investments.

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Notes to Portfolio of Investments (Unaudited)

July 31, 2014

Summary of Significant Accounting Policies

(a) Security Valuation:

The Fund values its securities at current market value or fair value consistent with regulatory requirements. Fair value is defined in the Fund's valuation and liquidity procedures as the price that could be received to sell an asset or paid to transfer a liability in an orderly transaction between willing market participants without a compulsion to contract at the measurement date.

Equity securities that are traded on an exchange are valued at the last quoted sale price on the principal exchange on which the security is traded at the Valuation Time subject to application, when appropriate, of the valuation factors described in the paragraph below. The Valuation Time is as of the close of regular trading on the New York Stock Exchange (usually 4:00 p.m. Eastern Time). In the absence of a sale price, the security is valued at the mean of the bid/ask quoted at the close on the principal exchange on which the security is traded. Securities traded on NASDAQ are valued at the NASDAQ official closing price. Closed-end funds and exchange-traded funds (ETFs) are valued at the market price of the security at the Valuation Time. A security using any of these pricing methodologies is determined to be a Level 1 investment.

Foreign equity securities that are traded on foreign exchanges that close prior to the Valuation Time are valued by applying valuation factors to the last sale price or the mean price as noted above. Valuation factors are provided by an independent pricing service provider. These valuation factors are used when pricing the Fund's portfolio holdings to estimate market movements between the time foreign markets close and the time the Fund values such foreign securities. These valuation factors are based on inputs such as depositary receipts, indices, futures, sector indices/ETFs, exchange rates, and local exchange opening and closing prices of each security. When prices with the application of valuation factors are utilized, the value assigned to the foreign securities may not be the same as quoted or published prices of the securities on their primary markets. A security that applies a valuation factor is determined to be a Level 2 investment because the exchange-traded price has been adjusted. Valuation factors are not utilized if the independent pricing service provider is unable to provide a valuation factor or if the valuation factor falls below a predetermined threshold; in such case, the security is determined to be a Level 1 investment.

In the event that a security's market quotations are not readily available or are deemed unreliable (for reasons other than because the foreign exchange on which it trades closes before the Valuation Time), the security is valued at fair value as determined by the Fund's Pricing Committee, taking into account the relevant factors and surrounding circumstances using valuation policies and procedures approved by the Fund's Board of Directors. A security that has been fair valued by the Pricing Committee may be classified as Level 2 or Level 3 depending on the nature of the inputs.

In accordance with the authoritative guidance on fair value measurements and disclosures under accounting principles generally accepted in the United States of America (GAAP), the Fund discloses the fair value of its investments using a three-level hierarchy that classifies the inputs to valuation techniques used to measure the fair value. The hierarchy assigns Level 1 measurements to valuations based upon unadjusted quoted prices in active markets for identical assets, Level 2 measurements to valuations based upon other significant observable inputs, including

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adjusted quoted prices in active markets for identical assets, and Level 3 measurements to valuations based upon unobservable inputs that are significant to the valuation. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability, which are based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. A financial instrument's level within the fair value hierarchy is based upon the lowest level of any input that is significant to the fair value measurement. The three-level hierarchy of inputs is summarized below:

Level 1 quoted prices in active markets for identical investments;

Level 2 other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds, and credit risk); or

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Notes to Portfolio of Investments (Unaudited) (concluded)

July 31, 2014

Level 3 significant unobservable inputs (including the Fund's own assumptions in determining the fair value of investments).

The following is a summary of the inputs used as of July 31, 2014 in valuing the Fund's investments at fair value. The inputs or methodologies used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. Please refer to the Portfolio of Investments for a detailed breakout of the security types:

Investments, at Value	Level 1	Level 2	Level 3	Total
Long-Term Investments				